

Sand Point Generating, LLC.
Cost of Power Adjustment (COPA)/ Small Facility Power
Purchase Rate (SFPPR)/ Power Cost Equalization (PCE) Update
Memorandum

Date: **December 28, 2020**

Utility Name Sand Point Generating, LLC	Utility File No. TA271-230	Date Filed: November 16, 2020
FILING SUMMARY		
Statutory Deadline: December 31, 2020	Tariff Sheets recommended for approval: Tariff Sheet No. 46 Tariff Sheet No. 48 Tariff Sheet No. 42	Staff Recommended Effective Date: December 31, 2020 Filed on December 15, 2020 Filed on December 15, 2020 Filed on December 15, 2020
Side-by-side Tariff Sheets attached as Appendix 4		
COPA SUMMARY		
Prior Commission Determination TA Number and Effective Date	Prior Commission Determination (\$/kWh)	Staff Recommended Determination (\$/kWh) Change (\$/kWh)
TA270-230 10/2/2020 \$	0.1684 \$	0.1688 \$ 0.0004
SFPPR Summary		
Prior Commission Determination TA Number and Effective Date	Prior Commission Determination (\$/kWh)	Staff Recommended Determination (\$/kWh) Change (\$/kWh)
TA270-230 10/2/2020 \$	0.2000 \$	0.1912 \$ (0.0088)
PCE SUMMARY		
Prior Commission Determination TA Number and Effective Date	Prior Commission Determination (\$/kWh)	Staff Recommended Determination (\$/kWh) Change (\$/kWh)
TA270-230 10/2/2020 \$	0.2106 \$	0.2110 \$ 0.0004
Additional Staff Recommendation		

Signed: _____

Jed Drolet
Jed Drolet

Utility Tariff Analyst

Reasons for the above recommendations: See Attached Memorandum

	Date, if different from 12/28/2020	I CONCUR	I DO NOT CONCUR	I WILL WRITE A DISSENTING STATEMENT*
Pickett		<i>RMP</i>		
McAlpine		<i>SM</i> SM		
Scott		<i>AGS</i> AGS		
Sullivan		<i>DS</i> DS		
Wilson		<i>JW</i> JW		

Special Instructions to Staff: _____

* If this column is initialed, Staff will contact the Commissioner for the statement. Otherwise, dissent will be noted at the close of the By Direction Letter or Order

**Sand Point Generating, LLC.
COPA/SFPPR/PCE Update
Memorandum**

To: Robert M. Pickett, Chair
Stephen McAlpine
Antony Scott
Daniel A. Sullivan
Janis W. Wilson

Date: December 28, 2020

File: TA271-230

Utility: Sand Point Generating, LLC

From: Jed Drolet

Subject: COPA, PCE, SFPPR

COPA Comments:

Staff reviewed this tariff filing to ensure compliance with applicable regulations (3 AAC 48.200-3 AAC 48.430). Staff also reviewed proposed tariff sheets to ensure the stated text is easily understood, and the tariff provisions clearly and comprehensively describe and address the situation to which the tariff provision applies. Proposed revisions to COPA surcharges are reviewed under 3 AAC 52.504, which requires information supporting entries in the balancing account for the historical period, and support for projections for the future period.

Staff Notes:

The estimated fuel and purchased power costs decreased from \$192,761.64 to \$189,509.92. The estimated balancing account balance increased from (\$56,689.50) to (\$35,152.49). The estimated kWh sales increased from 808,096 kWh to 914,636 kWh. The increase in the estimated balancing account balance puts upward pressure on the COPA surcharge which offsets the downward pressure from the decrease in estimated costs and increase in estimated kWh sales. The overall effect is an increase in Sand Point Generating's (SPG) COPA surcharge from \$0.1684/kWh to \$0.1688/kWh.

Staff Recommendation:

The Commission should approve Tariff Sheet No. 46, filed December 15, 2020, by Sand Point Generating, LLC in TA271-230. The effective date of the tariff sheet should be December 31, 2020.

SFPPR Comments:

Sand Point Generating's tariff provides that the rate at which the Utility will purchase energy from Qualifying Facilities with a design capacity of 100 kW or less is calculated based upon the amount of diesel generation used in the most recent quarter, updated to reflect the current price of fuel, divided by the number of kWh sold attributable to diesel generation. Costs associated with the purchase of wind energy are excluded from the calculation.

Staff Notes:

SPG proposes an SFPPR of \$0.1912/kWh, which is a decrease of \$0.0088 from the previously approved SFPPR of \$0.2000/kWh.

Staff Recommendation:

The Commission should approve Tariff Sheet No. 48, filed December 15, 2020, by Sand Point Generating, LLC in TA271-230. The effective date of the tariff sheet should be December 31, 2020.

PCE Comments:

Proposed adjustments to PCE amounts are evaluated under 3 AAC 52.600-690. Each participating regulated electric utility is required to submit revised PCE amounts in conjunction with COPA surcharge adjustments. The utility must provide information supporting the request for the PCE amount revision. Adjustments will be made to the PCE amounts if the utility does not achieve the generation efficiency and line loss standards set out in 3 AAC 52.620. If a utility fails to meet the generation efficiency standards (kWh/gallon), Staff will impute the number of gallons that should have been consumed. Because 3 AAC 52.610(f) provides no guidance on the method of imputing the number of gallons that should have been consumed, Staff uses the method prescribed for non-regulated utilities in 3 AAC 52.610(g)(1)(B). Staff reviews the line loss for each reported month to determine if the 12% line loss standard has been met; if it has not, Staff reviews the annual line loss. If Staff determines that both the monthly and annual line loss standards have not been met Staff will impute the number of kWh that should have been sold. The resulting imputed sales and/or generation is then used to calculate an adjusted balancing account balance which is used in determining the total fuel power costs used in the calculation of the PCE amounts.

Staff Notes:

Staff notes that SPG met the regulatory generation efficiency and line loss standards. SPG proposes a PCE amount of \$0.2110/kWh, which is an increase of \$0.0004/kWh from its previously approved PCE amount of \$0.2106/kWh.

Staff Recommendation:

The Commission should approve Tariff Sheet No. 42, filed December 15, 2020, by Sand Point Generating, LLC in TA271-230. The effective date of the tariff sheet should be December 31, 2020.

**Sand Point Generating, LLC.
COPA/SFPPR/PCE Update
Memorandum**

Additional Comments:

Staff notes that in Order No. U-13-206(10), the Commission accepted a stipulation between SPG and the Attorney General. As part of the stipulation, SPG agreed to provide reasonable and current cost basis for Sand Point Services' fuel handling surcharge. Historically, SPG has filed this annually with one of its quarterly COPA filings. The last fuel handling charge was filed with TA255-230, a filing separate from the COPA filing. The fuel handling charge approved in TA255-230 was \$0.40 per gallon. SPG filed an update to the fuel handling charge with TA265-230 on July 17, 2019. On August 26, 2019, SPG filed a request to withdraw TA265-230 because Sand Point Services was no longer delivering fuel to SPG. For the period covered by TA271-230, the fuel handling charge of \$0.40 per gallon was no longer in place.

As of this filing, SPG is not currently charging the clinic and school for excess wind power. Special contracts between SPG and the City of Sand Point (for the clinic) and the Aleutian East Borough School District (for the school) were conditionally approved by the Commission on June 20, 2019. These contracts set the terms for future sales of excess wind power.

Sand Point Generating, LLC
Calculation and Comparison of 500 kWh Bill
TA271-230

Customer Bills	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)	Change
Surcharge (\$/kWh)	\$0.1684	\$0.1688	\$0.0004
PCE (\$/kWh)	\$0.2106	\$0.2110	\$0.0004
500 kWh Customer Bill			
Energy @ \$0.2669/kWh	\$133.45	\$133.45	\$0.00
Customer Charge	\$8.32	\$8.32	\$0.00
Regulatory Cost Charge @ \$0.000654/kWh	\$0.33	\$0.33	\$0.00
Surcharge Amount (\$)	\$84.20	\$84.40	\$0.20
PCE Credit Amount (\$)	(\$105.30)	(\$105.50)	(\$0.20)
Total Customer Bill (\$)	\$121.00	\$121.00	\$0.00

Sand Point Generating, LLC
Cost of Power Adjustment Amount
TA271-230

Calculation of Cost of Power Adjustment			
Line	Description	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)
A	Estimated Per Unit Fuel Cost	\$ 2.5385	\$ 2.3608
B	Estimated Fuel Consumption	58,559.00	72,075.00
C	Estimated Per Unit Power Cost	\$ 0.1777	\$ 0.1777
D	Estimated Power Consumption	248,394	108,921
E	Total Estimated Fuel and Power Costs ((A*B)+(C*D))	\$ 192,791.64	\$ 189,509.92
F	Estimated Balancing Account Balance	\$ (56,689.50)	\$ (35,152.49)
G	Total (E+F)	\$ 136,102.14	\$ 154,357.41
H	Estimated Retail Sales	808,096	914,636
I	Projected Cost of Power (G/H)	\$ 0.1684	\$ 0.1688
J	Base Cost of Power	\$ -	\$ -
K	Cost of Power Adjustment Amount (I-J)	\$ 0.1684	\$ 0.1688

Comments	
SPG's purchase agreement with AWE is set to expire in 2027. See Letter Order No. L0700174, issued May 21, 2007 (TA191-230), and Letter Order No. L1100078, issued March 11, 2011 (TA213-230).	
3 AAC 52.504(i) provides that an electric utility may request the correction or adjustment of actual entries in the COPA balancing account. The utility must describe, quantify, and justify each proposed adjustment. With TA271-230, SPG proposed several adjustments to the balancing account balance in September 2020 as the result of various billing errors. Staff reviewed the supporting documentation and believes that SPG has described, quantified, and justified the proposed adjustments. Therefore, Staff recommends the Commission approve these proposed adjustments. The net result of the adjustments is a decrease of \$204.85 in the actual balancing account balance, which places downward pressure on the estimated balancing account balance.	

Actual Costs			
	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)	Change
Per Unit Fuel Cost	\$ 3.16	\$ 2.53	\$ (0.63)
Total Fuel Cost	\$ 163,154.10	\$ 136,113.96	\$ (27,040.14)
Per Unit Power Cost	\$ 0.19	\$ 0.19	\$ -
Total Power Cost	\$ 29,168.43	\$ 20,034.67	\$ (9,133.76)
Balancing Account	\$ (56,689.50)	\$ (35,152.49)	\$ 21,537.01

Actual Revenues			
	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)	Change
Sales	800,322	763,252	(37,070.00)
Surcharge Revenues	\$ 218,749.19	\$ 175,595.99	(43,153.20)
Base Cost Revenues	\$ -	\$ -	0.00

Signature: 

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Sand Point Generating, LLC
POWER COST EQUALIZATION
TA271-230

Calculation of Power Cost Equalization			
Line	Description	Prior Commission Determination (\$/kWh)	Updated Commission Determination (\$/kWh)
A	Non-Fuel Power Costs	0.2596	0.2596
B	Fuel Power Costs	0.1684	0.1688
C	Total Power Costs	0.4280	0.4284
D	Total Costs Less \$0.2063/kWh	0.2217	0.2221
E	95% of Total Power Costs	0.2106	0.2110
F	Statutory Maximum [(1-0.2063)*0.95]	0.7540	0.7540
G	Lesser of E or F	0.2106	0.2110
H	Customer Class Rate		
	Residential	0.2463	0.2467
	Large Commercial LC-1	0.2153	0.2157
	Large Commercial LC-2	0.2612	0.2616
	Small Commercial and Security Lighting	0.2532	0.2536
I	Power Cost Equalization - Lesser of G or H		
	Residential	0.2106	0.2110
	Small Commercial and Large Commercial	0.2106	0.2110
J	Power Cost Equalization - After Reduction	100%	100%
	Residential	0.2106	0.2110
	Small Commercial and Large Commercial	0.2106	0.2110

Amendment to Allowable Costs		
Line	Description	Amount
1	NON-FUEL COSTS - U-13-206(11)	
2	Allowable Non-Fuel Cost	\$ 898,089
3	Twelve Month Total kWh Sales	3,467,920
4	Regulatory Cost Charge	\$ 0.000654
5	Total Non-Fuel Power Costs	0.2596
6	FUEL COSTS	
7	Current Fuel Price	\$ 2.3608
8	Estimated Fuel Consumption (gallons)	72,075
9	Current Purchased Power Price	0.1777
10	Estimated Purchase Power Consumption	108,921
11	Estimated kWh Sales (kWh)	914,636
12	Balancing Account Balance	\$ (35,152.49)
13	Total Fuel Power Costs	0.1688
Surcharge Calculation		
Line	Description	Amount
1	Total Estimated Fuel Power Costs	189,510
2	Balancing Account Balance	(35,152)
3	Total	154,358
4	Estimated Retail Sales	914,636
5	Projected Cost of Power	0.1688
6	Base Cost of Power	-
7	Surcharge	\$ 0.1688

Updated Calculation of Average Customer Class Rate per kWh									
Line	kWh (by Block)	Rate (\$/kWh)	Customer Charge	COPA Surcharge (\$/kWh)	RCC (\$/kWh)	Total Rate (\$/kWh)	Total (\$)	Average Rate (\$/kWh)	Average Rate Less \$0.2063/kWh (\$/kWh)
1	Residential	0.2669	8.32	0.1688	0.000654	0.4364	226.52	0.4530	0.2467
2	Large Commercial LC-1	0.2071	22.72	0.1688	0.000654	0.3766	211.02	0.4220	0.2157
3	Large Commercial LC-2	0.2467	25.85	0.1688	0.000654	0.4162	233.95	0.4679	0.2616
4	Small Commercial & Security Lighting	0.2733	8.55	0.1688	0.000654	0.4428	229.95	0.4599	0.2536

RCA No. 230 58TH Revision Sheet No. 42
Cancelling 57TH Revision Sheet No. 42

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STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

Sand Point Generating, LLC

Power Cost Equalization

The following conditions apply to Power Cost Equalization (PCE) eligibility.

1. Residential customers are eligible for PCE for actual consumption of not more than 500 kilowatt-hours per month.
2. Customers that are classified as local community facilities are eligible for PCE, calculated in the aggregate for each community served by the utility for actual consumption of not more than 70 kilowatt-hours per month for each resident of the community. The number of community residents shall be determined under AS 29.60.020.
3. Customers not listed above are not eligible for PCE.

If appropriations are sufficient for payment in full, the amount of Power Cost Equalization to be credited to the bills of all eligible customers rendered on or after the effective date set forth below, is as follows:

<u>Schedule</u>	<u>PCE Amount</u>	
Residential	\$0.2106 per kWh	R
Large Commercial* LC-1	\$0.2106 per kWh	R
Large Commercial* LC-2	\$0.2106 per kWh	R
Security Lighting*	\$0.2106 per kWh	R

*Subject to the conditions noted above

Pursuant To: TA270-230 Effective: **October 2, 2020**

Issued by: Sand Point Generating, LLC

By: John Lyons Title: TDX Power President

RCA No. 230 59TH Revision Sheet No. 42
Cancelling 58TH Revision Sheet No. 42



Sand Point Generating, LLC

Power Cost Equalization

The following conditions apply to Power Cost Equalization (PCE) eligibility.

1. Residential customers are eligible for PCE for actual consumption of not more than 500 kilowatt-hours per month.
2. Customers that are classified as local community facilities are eligible for PCE, calculated in the aggregate for each community served by the utility for actual consumption of not more than 70 kilowatt-hours per month for each resident of the community. The number of community residents shall be determined under AS 29.60.020.
3. Customers not listed above are not eligible for PCE.

If appropriations are sufficient for payment in full, the amount of Power Cost Equalization to be credited to the bills of all eligible customers rendered on or after the effective date set forth below, is as follows:

<u>Schedule</u>	<u>PCE Amount</u>	
Residential	\$0.2110 per kWh	I
Large Commercial* LC-1	\$0.2110 per kWh	I
Large Commercial* LC-2	\$0.2110 per kWh	I
Security Lighting*	\$0.2110 per kWh	I

*Subject to the conditions noted above

Pursuant To: TA271-230 Effective: _____

Issued by: Sand Point Generating, LLC

By: John Lyons Title: TDX Power President

RCA 230 46TH Revision Sheet No. 46
Cancelling 45TH Revision Sheet No. 46

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STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

Sand Point Generating, LLC

E. Determination of Power Cost Adjustment

1) Estimated cost for three months beginning

September 1, 2020

Source	Estimated Quantity (A)		Estimated Unit Cost (B)	Estimated Total Cost	
Fuel Oil	58,559	gal	\$ 2.54	\$148,651.28	R
Purchased Power	248,394	kWh	\$ 0.1777	\$44,139.61	I
2) Less: Estimated Trident Revenue				0.00	
3) Less: Estimated Delivery Charge Revenue				0.00	
4) Balance of Estimated Cost of Power Balancing Account as of August 31, 2020				\$ (56,689.50)	I
Balance in Actual Balancing Account as of June 30, 2020			\$ (27,137.69)		
5) Total (1, 2, 3 and 4 above)				\$136,101.40	R
6) Estimated Sales				808,096 /kWh	I
7) Average Cost of Power (5 divided by 6)				\$ 0.1684 /kWh	R
8) Base Cost of Power				/kWh	
9) Power Cost Adjustment (7 minus 8)				\$ 0.1684 /kWh	R

Pursuant To: TA270-230 Effective: October 2, 2020

Issued by: Sand Point Generating, LLC

By: John Lyons

Title: TDX Power President

RCA 230 47TH Revision Sheet No. 46
Cancelling 46TH Revision Sheet No. 46



Sand Point Generating, LLC

E. Determination of Power Cost Adjustment

1) Estimated cost for three months beginning

December 1, 2020

Source	Estimated Quantity (A)		Estimated Unit Cost (B)	Estimated Total Cost	
Fuel Oil	72,075	gal	\$ 2.36	\$170,154.41	I
Purchased Power	108,921	kWh	\$ 0.1777	\$19,355.26	R
2) Less: Estimated Trident Revenue				0.00	
3) Less: Estimated Delivery Charge Revenue				0.00	
4) Balance of Estimated Cost of Power Balancing Account as of November 30, 2020				\$ (35,152.49)	I
Balance in Actual Balancing Account as of September 30, 2020			\$ (46,790.12)		
5) Total (1, 2, 3 and 4 above)				\$154,357.18	I
6) Estimated Sales				914,636 /kWh	I
7) Average Cost of Power (5 divided by 6)				\$ 0.1688 /kWh	I
8) Base Cost of Power				/kWh	
9) Power Cost Adjustment (7 minus 8)				\$ 0.1688 /kWh	I

Pursuant To: TA271-230 Effective: _____

Issued by: Sand Point Generating, LLC

By: John Lyons

Title: TDX Power President

RCA No. 230 43rd Revision Sheet No. 48
Cancelling 42nd Revision Sheet No. 48

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STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

SAND POINT GENERATING, LLC

SMALL FACILITY POWER PURCHASE RATE

The rate at which the Utility will purchase energy from Qualifying Facilities with a design capacity of 100 kW or less is calculated based upon the amount of diesel generation used in the most recent quarter, updated to reflect the current price of fuel, divided by the number of kWh sold attributable to diesel generation. Costs associated with the purchase of wind energy are excluded from the calculation.

A.	Number of gallons consumed (historical quarter)		51,658 gallons	
B.	Current fuel price		\$ 2.54	\$/gallon
C.	Cost of diesel at current fuel price	A x B	\$ 131,132.11	
D.	kWh sold (historical quarter)		800,322 kWh	
E.	Diesel generated (historical quarter)		715,546 kWh	
F.	Power purchases (historical quarter)		157,831 kWh	
G.	Total Generation	E + F	873,377 kWh	
H.	% of Generation from Diesel	E / G	81.9%	
I.	Power sold attributable to Diesel generation	D x H	655,693 kWh	
J.	Small Facility Power Purchase Rate	C / I	20.00 ¢/kWh	R

Tariff Advice No. TA270-230 Effective: **October 2, 2020**

Issued by: **SAND POINT GENERATING, LLC**

By: John Lyons Title: TDX Power President

RCA No. 230 44TH Revision Sheet No. 48
Cancelling 43RD Revision Sheet No. 48



SAND POINT GENERATING, LLC

SMALL FACILITY POWER PURCHASE RATE

The rate at which the Utility will purchase energy from Qualifying Facilities with a design capacity of 100 kW or less is calculated based upon the amount of diesel generation used in the most recent quarter, updated to reflect the current price of fuel, divided by the number of kWh sold attributable to diesel generation. Costs associated with the purchase of wind energy are excluded from the calculation.

A.	Number of gallons consumed (historical quarter)		53,814 gallons	
B.	Current fuel price		\$ 2.36	\$/gallon
C.	Cost of diesel at current fuel price	A x B	\$ 127,044.09	
D.	kWh sold (historical quarter)		763,252 kWh	
E.	Diesel generated (historical quarter)		730,224 kWh	
F.	Power purchases (historical quarter)		108,408 kWh	
G.	Total Generation	E + F	838,632 kWh	
H.	% of Generation from Diesel	E / G	87.1%	
I.	Power sold attributable to Diesel generation	D x H	664,588 kWh	
J.	Small Facility Power Purchase Rate	C / I	19.12 ¢/kWh	R

Tariff Advice No. TA271-230 Effective:

Issued by: **SAND POINT GENERATING, LLC**

By: John Lyons Title: TDX Power President